

**Garrard County Water Association, Inc.**

P.O. BOX 670 315 LEXINGTON ROAD  
LANCASTER, KY 40444-0670  
(859) 792-4501 TTY: 800-648-6056  
FAX: (859) 792-1671

June 5, 2008

Ms. Stephanie Stumbo, Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602-0615

**RECEIVED**

JUN 10 2008

**PUBLIC SERVICE  
COMMISSION**

Dear Ms. Stumbo:

2008-210

Please find enclosed the Association's request for a purchased water rate adjustment. This adjustment request is due to the increased cost of wholesale water from the City of Lancaster that will be effective on July 10, 2008. Exhibit "B" is attached to the application showing this agreed to rate increase.

Also, enclosed is a revised tariff sheet reflecting the five cent per thousand gallons adjustment.

The Association will notify its customers of the rate adjustment before rendering the first customer statement reflecting the increase.

If additional information should be required, please advise.

Sincerely,



Harold C. Ward  
President/Executive Director

Enclosures

PURCHASED WATER ADJUSTMENT FOR  
WATER DISTRICTS AND ASSOCIATIONS  
(807 KAR 5:068)

THE GARRARD COUNTY WATER ASSOCIATION, INC.  
(Name of Utility)

JUNE 5, 2008  
(Date)

P.O. BOX 670  
(Address)

LANCASTER, KY 40444-0670  
(City, State)

859-792-4501  
(Telephone Number)

- 1.a. Name of all wholesale suppliers and the base (current) rate and changed rate of each. In the event the water purchased is billed by the supplier on a rate that is not a flat rate schedule, the entire rate schedule must be shown. Attach additional sheets if necessary.

<u>Supplier(s)</u>	<u>Base Rate</u>	<u>Changed Rate</u>
<u>CITY OF LANCASTER</u>	<u>\$1.91</u>	<u>\$1.97</u>
<u>CITY OF DANVILLE</u>	<u>NO ADJUSTMENT SEE ATTACHED EXHIBIT A</u>	
<u>CITY OF BEREA</u>	<u>\$1.95</u>	<u>\$1.95</u>

- 1.b. A copy of the supplier's notice of the changed rate showing the effective date of the increase is attached as Exhibit  B .
2. Twelve-month period upon which the purchased water adjustment is based. (This twelve-month period must end within 90 days of this filing).

From  MAY 2007  through  APRIL 2008   
 (month and year) (month and year)

3. Statement of water purchases. Where water is purchased from more than one supplier, purchases from each supplier must be shown separately. If water is purchased through a declining block rate schedule, purchases for each month must be shown. Attach an additional sheet if necessary.

Supplier(s)	Gallons Purchased during 12 month period
<u>CITY OF LANCASTER</u>	<u>253,636,900</u>
<u>CITY OF DANVILLE</u>	<u>See attached Exhibit C</u>
<u>CITY OF BEREA</u>	<u>26,502,388</u>
<b>TOTAL PURCHASES</b>	<u>378,487,301</u>

4. Total sales for the 12 month period  317,983,081 .

5. Increased water cost \$15,218.21.

The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate.

6. Purchased water adjustment factor \$.05.

The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold.

Note: The purchased water adjustment factor is added to each thousand gallons sold. If the minimum usage is 2,000 gallons then the purchased water adjustment factor would be added to the minimum bill twice. Revised tariff sheets must be attached showing the rate to be charged by the utility and the effective date of the increased rates.

7. Proposed effective date July 10, 2008.

  
\_\_\_\_\_  
(Signature of Utility Officer)

  
\_\_\_\_\_  
(Title)

EXHIBIT A

be the expense and responsibility of the Purchaser to furnish, install, and maintain the necessary metering equipment; the same to be determined by the Seller's City Engineer, and any required devices of standard types for property measuring the quantity of water delivered to the Purchaser and the responsibility of the Seller to calibrate and test for accuracy such metering equipment annually, or at such other times that are reasonably requested by either party. A meter registering not more than 2% above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by tests to be inaccurate shall be corrected for the six (6) months previous to such tests in accordance with the percentage of inaccuracy found by such tests.

If any meter fails to register for any period, the amount of water delivered in the corresponding period immediately prior to the failure shall be considered the amount consumed, unless the Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read on a regular basis, but not less than once every month. An appropriate official or representative of the Purchaser shall at all reasonable times have access to the meter for the purpose of verifying its readings.

5. The Purchaser agrees to pay to Seller for water delivered in accordance with the following rate schedule based on monthly consumption:

Quantity (Cu Ft)	Rate (\$/100 Cu Ft)
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EXHIBIT A cont.

First	20,000 cu ft	\$1.68
Next	80,000 cu ft	\$1.44
Next	100,000 cu ft	\$1.20
Next	300,000 cu ft	\$1.06
All over	500,000 cu ft	\$0.86

6. In addition to the foregoing schedule of rates, the Purchaser shall further pay to Seller a surcharge of twenty percent (20%) to be added to the total water bill (not including any applicable taxes or fees).

HOWEVER, the parties understand and agree that if at any time during the term of this agreement the rate charged to other wholesale consumers, including other municipalities, independent water districts, or privately owned water companies, are modified, either increased or decreased, the rate of charge to the Purchaser shall automatically be modified to conform to such rates; similarly, it is agreed and understood that in the event the amount of the surcharge which is charged to all wholesale customers outside the city limits of Seller, is modified, then the rate of surcharge unto Purchaser shall automatically be modified to conform with such surcharge rate. It is understood and agreed by the parties that modification of the water purchase rate and the surcharge thereon shall be at the discretion of the Seller, City of Danville. The City of Danville shall be required to give a written five (5) month advance notice of any rate increase and comply with any applicable Public Service Commission rulings.

7. The Purchaser shall not consume more than the monthly limit without written permission from the Seller except in the case

EXHIBIT B

*City of Lancaster*

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308 W. Maple Ave.  
Lancaster, Kentucky 40444  
Phone 859-792-2241  
Fax 859-792-3341

May 14, 2008

Brent Kirtley  
Public Service Commission  
211 Sower BLVD.  
P.O Box 615  
Frankfort, Kentucky 40602-0615

Dear Mr. Brent Kirtley

Enclosed is a copy of the tariff sheet of the rate increase to Garrard County Water Associations the rate will increase 5 cents per 1000 gallons total of \$1.88.

Sincerely,

  
Don Rinthen  
Mayor.

EXHIBIT B cont.

**Water Rate Agreement**

This Agreement made and entered into this 5<sup>th</sup> day of June, 2008, by and between the City of Lancaster, referred to herein as the "City", and the Garrard County Water Association, referred to herein as the "Association".

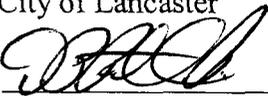
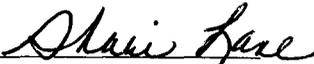
Witnesseth: That whereas by a contract dated March 25, 1970, an arrangement was made that the rate to be charged for water supplied by the City to the Association would be subject to modification every five years based on a demonstrable increase in the cost of performance, such cost not to include increased capitalization of the Lancaster system.

That whereas this time period was shortened to one year by subsequent agreements and that the latest one year agreement expires at the close of the day on June 30, 2008 and whereas this latest one year agreement introduced the concept of a guaranteed minimum purchase by the Association from the City.

Now, therefore, the parties hereto agree as follows:

1. That the original five year pricing period will continue to be shortened to one year.
2. That the rate charged by the City for water supplied to the Association will increase to \$1.88 per thousand gallons for the next year. There will be a Kentucky River Fee of \$.088 added. If there is an increase in the Kentucky River Fee it will be passed on to the purchaser in the next billing cycle after becoming effective. The increased rate is to take effect on July 1, 2008. This agreement will remain in effect to June 30, 2009.
3. The Association agrees to a minimum purchase amount to 200 million gallons per year.
4. That the costs and methodology used to arrive at the price increase noted above will be reviewed in 2009 by an independent third party to identify any need for an increase or decrease in wholesale rates.
5. All other provisions of the original contract between the parties will remain in full force and effect.

Witness our Signatures to duplicate copies hereof this 5<sup>th</sup> day of June, 2008.

City of Lancaster  
By: , Mayor  
Attest 

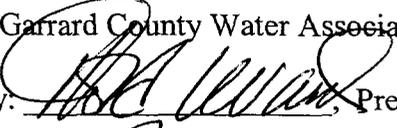
Garrard County Water Association  
By: , President  
Attest 

EXHIBIT C

WATER PURCHASED BY THE GARRARD COUNTY WATER ASSOCIATION  
FROM THE CITY OF DANVILLE

<u>MONTH</u>	<u>AMOUNT</u>
May 2007	9,043,619 GALLONS
June 2007	6,551,134 GALLONS
July 2007	8,296,592 GALLONS
August 2007	11,471,852 GALLONS
September 2007	9,748,834 GALLONS
October 2007	9,634,764 GALLONS
November 2007	7,735,068 GALLONS
December 2007	7,828,044 GALLONS
January 2008	7,291,055 GALLONS
February 2008	6,874,793 GALLONS
March 2008	6,874,793 GALLONS
April 2008	6,997,465 GALLONS
TOTAL GALLONS	98,348,013 GALLONS

FOR Entire Area Served  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

12th Revised SHEET NO. 1

GARRARD COUNTY WATER ASSOC., INC.  
(Name of Utility)

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

11th Revised SHEET NO. 1

RATES AND CHARGES

RATE PER UNIT

RESIDENTIAL, FARM AND SMALL COMMERCIAL

5/8" x 3/4" Meter Schedule

First	1,000 Gallons	10.13 (Minimum Bill)
Next	1,000 Gallons	5.23 per 1,000 Gallons
Next	1,000 Gallons	4.13 per 1,000 Gallons
Next	2,000 Gallons	3.93 per 1,000 Gallons
All Over	5,000 Gallons	3.63 per 1,000 Gallons

LARGE COMMERCIAL, DAIRY FARM AND SCHOOL CONNECTIONS

1" Meter Schedule

First	5,000 Gallons	27.35 (Minimum Bill)
All Over	5,000 Gallons	3.63 per 1,000 Gallons

1 1/2" Meter Schedule

First	10,000 Gallons	45.50 (Minimum Bill)
All Over	10,000 Gallons	3.63 per 1,000 Gallons

2" Meter Schedule

First	25,000 Gallons	99.95 (Minimum Bill)
All Over	25,000 Gallons	3.63 per 1,000 Gallons

Bulk Sales

\$5.00 per 1,000 Gallons

Rates based on monthly consumption.  
Penalty of 10% applied to all unpaid bills 10 days from date of bill.

DATE OF ISSUE \_\_\_\_\_

Month / Date / Year

DATE EFFECTIVE 07/10/08

Month / Date / Year

ISSUED BY \_\_\_\_\_

(Signature of Officer)

TITLE President

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_